89-1739

CASE NO.

IN THE SUPREME COURT
OF THE UNITED STATES OF AMERICA

October Term 1989

U. S. GOLD & SILVER INVESTMENTS, INC., an Oregon corporation,

Plaintiff-Appellant,

vs.

THE UNITED STATES OF AMERICA, ex rel Director, United States Mint, and J. ARON & COMPANY, a New York partnership,

Defendants-Appellees.

On Writ of Certiorari
to the United States Court of Appeals
for the Ninth Circuit

PETITION FOR CERTIORARI

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Question Presented for Review.

Where the parties had stipulated that the phrase "U. S. Gold" has a unique meaning in the trade to designate a certain class of coins that were minted in the United States in the latter part of the 19th Century and the early part of the 20th Century, could the District Court find as a matter of law that the phrase was "merely descriptive" as a trade name of a business that was not engaged in trade in those goods?

The caption of the case in this Court contains the names of all parties to the proceeding in the Court of Appeals for the Ninth Circuit.

TABLE OF AUTHORITIES

Statutes

Cases

Reports and Opinions of Courts Below.

U.S. Gold & Silver Invs., Inc., v. Director, U.S. Mint, 656 F.Supp. 380 (D. Or. 1987); 682 F.Supp. 484 (D. Or. 1987).

U.S. Gold & Silver Investments, Inc. v. The United States of America ex rel Director, U.S. Mint; J. Aron & Company, No. 87-4069 (9th Cir. 1989).

Grounds on which the Jurisdiction of the Court is Invoked.

The decree sought to be reviewed was filed by the Court of Appeals for the Ninth Circuit on September 15, 1989, and the mandate to the district court issued October 10, 1989. The statutory provisions that confer jurisdiction on this Court is 28 U.S.C. § 1254(1) and 28 U.S.C. § 2101(c).

The Statute which the Case Involves.

Any person who shall affix, apply, or annex, in use or in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the

same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

15 U.S.C. § 1125(a) [later revised].

Statement of the Case.

The plaintiff-appellant brought an action under § 43(a) of the Lanham Act [15 U.S.C. § 1125(a)] against J. Aron & Company and the Director of the U.S. Mint for deliberately adopting "U.S. GOLD" as a trademark and service mark for coins that Congress had designated American Arts Gold Medallions. "U.S. Gold" is the trade name under which the plaintiff-appellant conducts business. The parties agreed on the factual issue that, in the gold and silver trading industry, "U.S. Gold" has a narrow and precise denotation, referring to a specific class of coins minted in the latter part of the 19th Century and the beginning of the 20th Century.

On defendant J. Aron's motion for summary judgment, the district court held that the plaintiff-appellant lacked a protectable interest in its trade name "U.S.

Gold" because the phrase was merely descriptive. On appeal, the Ninth Circuit affirmed.

Jurisdiction of the District Court.

The primary bases of jurisdiction against defendant J. Aron in the district court were 15 U.S.C. § 1121 and 28 U.S.C. § 1338; jurisdiction against the Director was founded on 28 U.S.C. § 1346(b).

Reasons for Allowance of the Writ.

A federal court of appeals has decided an important question of federal law which has not been, but which should be, settled by this Court. The district court, on ***summary judgment***, affirmed by the court of appeals, held that, ***as a matter of law***, when the parties have stipulated that a word or phrase is merely descriptive of goods, then the Lanham Act cannot protect a person's interest in a trade name using that word or phrase, even though the trade name distinctively denotes the business which it designates, and the business does not trade in the goods the phrase describes. This Court needs to decide whether rights under the Lanham Act are so narrowly limited.

Robert Greening
of attorneys for petitioner

APPENDIX

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U.S. GOLD & SILVER INVESTMENTS, INC., an Oregon corporation, Plaintiff,

v.

DIRECTOR, U.S. MINT, and J. Aron & Co., a New York partnership, Defendant.

Civ. No. 86-162FR.

United States District Court,
D. Oregon.

March 6, 1987.

FRYE, Judge:

Defendant United States of America, ex rel Director, United States Mint, (the Government), moves for summary judgment, pursuant to Fed.R.Civ.P. 56(b), against plaintiff U.S. Gold and Silver Investments, Inc., (U.S. Gold and Silver) on the ground that there are no genuine issues of material fact and that it is entitled to prevail as a matter of law.

This is an action under the Federal Tort Claims Act, 28 U.S.C. § 2671 et seq., by U.S. Gold and Silver against the Government and J. Aron & Co. U.S. Gold and Silver asserts that defendants have infringed the trademark "U.S. Gold and Silver" by marketing gold medallions under the name "U.S. Gold".

UNDISPUTED FACTS

In 1978, Congress through the American Arts Gold Medallion Act, P.L. 95-630, Title IV, directed the United States Mint to produce and sell gold medallions each year for five years in order to honor Americans who have contributed to the arts. The medal- lions were coined and sold, but after two years of low sales, the United States Mint sought bids from private contractors to market the medallions. Defendant J Aron & Co. was awarded the contract in December, 1982.

J. Aron & Co. marketed the gold medallions with the words "U.S. Gold" accompanied by the letters "TM". The letter "o" in the word Gold was a picture of a gold medallion. The United States Mint shared advertising expenses with J. Aron & Co. and retained the right to disapprove of all proposed advertising copy within 10 days of its submission to the United States Mint by J. Aron & Co.

In June, 1988, U.S. Gold & Silver sent a letter to the President of the United States with a copy to the Director of the United States Mint apprising them that it had exclusive rights to the trademark "U.S. Gold." The United States Mint determined that there was no legal merit to U.S. Gold & Silver's contentions and apparently directed J. Aron & Co. to continue to market the gold medallion under the name "U.S. Gold."

In March, 1985, U.S. Gold & Silver filed a claim under the Federal Tort Claims Act, 28 U.S.C. § 2671 *et seq.*, with the United States Mint. The United States Mint rejected the claim as being defective under the Federal Tort Claims Act and its applicable regulations, or in the alternative assuming the claim was properly filed, on the

grounds that the claim lacked legal merit. U.S. Gold & Silver then filed this suit.

SUMMARY JUDGMENT STANDARD

Summary judgment is appropriate only where there is no genuine issue of any material fact or where viewing the evidence and the inferences which may be drawn from the evidence in the light most favorable to the adverse party the movant is entitled to prevail as a matter of law. *Filco v. Amana Refrigeration, Inc.*, 709 F.2d 1257, 1260 (9th Cir.1983). "[S]ummary judgment will not lie if the dispute about a material fact is 'genuine,' that is if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, ____ U.S. ____ 106 S.Ct. 2505, 2510, 91 L.Ed.2d 202(1986). The moving party has the burden of establishing the absence of a genuine issue of material fact, but the plaintiff is not thereby relieved of his own burden of producing evidence which would support a jury verdict. *Id.* 106 S.Ct. at 2514. Summary judgment may be granted if the evidence produced is merely colorable or is not significantly probative. *Id.* at 2511.

CONTENTIONS OF THE PARTIES

The Government maintains that the decisions that it made in connection with the American Arts Gold Medallion program were policy decisions which were discretionary and that it is therefore exempt from suit under 28 U.S.C. § 2680(a) which bars:

> "[a]ny claim based upon an act or omission of an employee of the Government, exercising due care, in the execution of a statute or regulation, whether or not such statute or regulation be valid, or based upon the exercise or performance of the failure to

S.Ct. 956, 968, 97 L.Ed. 1427 (1953) described discretionary duty or functions as:

> "more than the initiation of programs and activities. It also includes determinations made by executives or administrators in establishing plans, specifications or schedules of operations. Where there is room for policy judgment and decision there is discretion. It necessarily follows that acts of subordinates in carrying out the operations of government in accordance with official directions cannot be actionable.

In *United States v. S.A. Empresa De Viacao Aerea Rio Grandense (Varig Airlines)*, 467 U.S. 797, 104 S.Ct. 2755, 81 L.Ed.2d 660 (1984), the Court set out two factors that should be considered when determining whether the discretionary function exception should apply:

> "First, it is the nature of the conduct, rather than the status of the actor, that governs whether the discretionary function exception applies in a given case....
>
> Thus, the basic inquiry concerning the application of the discretionary function exception is whether the challenged acts of a Government employee [exercising discretion] -- whatever his or her rank -- are of the nature and quality that Congress intended to shield from tort liability.'" *Begay v. United States*, 768 F.2d 1059 (9th Cir. 1985), *quoting, Varig*, 467 U.S. at 813, 104 S.Ct. at 2764.

> "Second, 'Congress wished to prevent judicial "second guessing" of legislative and administrative decisions grounded in social, economic, and political policy through the medium of an action in tort.' Therefore, if judicial review would encroach upon this type of balancing done by an agency, then the exception would apply." *Id.*

The court must examine these factors in the light most favorable to U.S. Gold & Silver since it is the party who is opposing the motion for summary judgment. The decisions made by the Government to approve the use of the service mark "U.S. Gold" for the American Arts Gold Medallion and to continue to subsidize advertisements using the service mark "U.S. Gold" was based on its judgment that it was either not infringing U.S. Gold & Silver's trademark or, alternatively, that U.S. Gold & Silver had not stated a claim under the FTCA and that the best course of action was to proceed with the current marketing strategy. This type of decision-making is of the nature and quality that Congress intended to shield from tort liability under the discretionary functions exception to the Federal Tort Claims Act and which would entail judicial second-guessing to review the balancing done by the government since it involved economic policy considerations. The decision was therefore a discretionary function and the government is exempt from suit under the Federal Tort Claims Act. The Court need not address the other issues raised by the parties.

The government is entitled to prevail on its motion for summary judgment. It is hereby ordered that the Government's motion for summary judgment is granted.

U.S. GOLD & SILVER INVESTMENTS, INC., an Oregon corporation, Plaintiff,

v.

DIRECTOR, UNITED STATES MINT, and J. Aron & Company, a New York partnership, Defendants.

Civ. No. 86-162-FR

United States District Court,
D. Oregon.

June 23, 1987.

OPINION

FRYE, Judge:

In the matter before the court, defendant J. Aron & Company (J. Aron) moves the court for an order granting summary judgment in its favor as to all claims asserted against it by plaintiff, U.S. Gold & Silver Investments, Inc.

BACKGROUND

In 1978, Congress, through the American Arts Gold Medallion Act, P.L. 95-630, Title IV, directed the United States Mint to produce and sell gold medallions each year for five years in order to honor Americans who have contributed to the arts. The medallions were coined and sold, but after two years of low sales, the United States Mint sought bids from private contractors to market the medallions. Defendant J. Aron was

awarded the contract in December, 1982. J. Aron marketed the gold medallions with the words "U.S. Gold" accompanied by the letters "TM." The letter "o" in the word "Gold" was a picture of a gold medallion.

In June, 1983, U.S. Gold & Silver Investments, Inc. sent a letter to the President of the United States, with a copy to the Director of the United States Mint, apprising them that it had exclusive rights to the trademark "U.S. Gold." In March, 1985, U.S. Gold & Silver Investments, Inc. filed a claim under the Federal Tort Claims Act, 28 U.S.C. §§ 2671, et seq., with the United States Mint. The United States Mint rejected the claim. U.S. Gold & Silver Investments, Inc. then filed this suit.

U.S. Gold & Silver Investments, Inc. brings this action against J. Aron under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), alleging that J. Aron infringed its trademark "U.S. Gold & Silver" by marketing gold medallions under the name "U.S. Gold." J. Aron asserts that it is entitled to summary judgment pursuant to Fed.R.Civ.P. 56 because U.S. Gold & Silver Investments, Inc. has not and cannot establish an infringement of its trademark.[1] J. Aron relies upon the deposition of Lawrence Heim, the president and principal shareholder of U.S. Gold & Silver Investments, Inc. U.S. Gold & Silver Investments, Inc. asserts that summary judgment is not appropriate and that genuine issues of fact exist as to infringement.

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1. The mark "U.S. Gold" is not registered to U.S. Gold & Silver Investments, Inc under U.S.C. §1115. Therefore U.S. Gold & Silver Investments, Inc. is not entitled to a presumption that it has an exclusive right to the mark.

UNDISPUTED FACTS

U.S. Gold & Silver Investments, Inc. has been in business since 1974. Lawrence Heim is the president and principal shareholder of the company. Substantially all of U.S. Gold & Silver Investments, Inc.'s business stems from the sale of bullion coins to customers on a retail basis. A bullion coin is a coin, the selling price of which is based on the value of the gold content of that coin rather than its collector value, as with a numismatic coin.

Over the years, most of U.S. Gold & Silver Investments, Inc.'s customers have purchased bullion coins from U.S. Gold & Silver Investments, Inc. by placing orders over the telephone. Almost all of the business of U.S. Gold & Silver Investments, Inc. has involved the drop shipment of coins to customers. Typically, a customer will telephone U.S. Gold & Silver Investments, Inc. and place an order for a specfic coin or quantity of coins. The customer will then send payment to U.S. Gold & Silver Investments, Inc. which, in turn, will send the money to a wholesaler who will send the product ordered directly to the customer. U.S. Gold & Silver Investments, Inc. itself keeps little or no inventory. The majority of U.S. Gold & Silver Investments, Inc.'s customers, while not experts, know what form of coins they are buying and shop around for prices before they buy. The remaining customers are more interested in getting a quantity of bullion at a particular price than they are interested in the form or type of coinage in which the bullion is contained.

U.S. Gold & Silver Investments, Inc. has, for several years, maintained a telephone number listed under the name U.S. Gold & Silver Investments, Inc. in the 800

directory. For the years 1974 through 1984, U.S. Gold & Silver Investments, Inc. spent a total of $33,000 on advertising. In 1974 and 1983, U.S. Gold & Silver Investments, Inc. spent nothing on advertising, and the largest amount it ever spent was $7,642 in 1984. U.S. Gold & Silver Investments, Inc. has never advertised itself as "U.S. Gold." U.S. Gold & Silver Investments, Inc. has never used business cards with the name "U.S. Gold," has never had any promotional literature using the name "U.S. Gold," and does not have a "piece of paper any place which was generated or prepared by or for U.S. Gold & Silver Investments Inc.... which uses the term 'U.S. Gold' to relate to U.S. Gold & Silver Investments Inc." (Heim Depo. Vol. II, p. 65).

According to Heim, U.S. Gold & Silver Investments, Inc.'s president, he could not identify a single specific individual who ever referred to U.S. Gold & Silver Investments, Inc. as "U.S. Gold." Furthermore, Heim stated in his deposition that the term "U.S. Gold" had been used by U.S. Gold & Silver Investments, Inc. "only in ordinary conversation or ordinary notes," none of which notes had been kept. (Heim Depo. Vol. II, p. 67).

Coin dealers on some regular basis put advertisements in "Coin World," a tabloid in the numismatic industry in which the term "U.S. Gold" is used to signify gold coins minted by the United States in the latter part of the nineteenth century and early part of the twentieth century. In addition, the term "U.S. Gold" is widely used by coin dealers in advertisements to refer to gold coins minted in the United States in the latter part of the nineteenth century and early part of the twentieth century.

LEGAL STANDARD

Summary judgment is proper "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed.R.Civ. P. 56(c). The burden is on the moving party to demonstrate the absence of a genuine issue as to any material fact. *British Airways Bd. v. Boeing Co.*, 585 F.2d 946, 951 (9th Cir.1978), *cert. denied*, 440 US 981, 99 S.Ct. 1790, 60 LEd.2d 241 (1979) This burden "may be discharged by 'showing' -- that is, pointing out to the District Court -- that there is an absence of evidence to support the nonmoving party's case." *Celotex Corp. v. Catrett*, 477 U.S. 317, 106 S.Ct. 2548, 2554, 91 L.Ed. 2d 265 (1986). The burden then shifts to the nonmoving party to "go beyond the pleadings and designate 'specific facts showing that there is a genuine issue for trial.'" *Celotex*, 106 S.Ct. at 2553, citing Fed.R.Civ.P. 56(e). Assuming there has been adequate time for discovery, summary judgment should then be entered against "a party who fails to make a showing sufficient to establish the existence of an essential element to that party's case, and on which that party will bear the burden of proof at trial." *Id.* All inferences drawn from the underlying facts must be viewed in the light most favorable to the nonmoving party. *United States v. Diebold Inc.*, 369 U.S. 654, 655, 82 S.Ct 993, 994, 8 L.Ed.2d 176 (1962). Finally, when different ultimate inferences can be reached, summary judgment is not appropriate. *Sankovich v. Life Ins. Co. of North America*, 638 F.2d 136 (9th Cir. 1981).

CONTENTIONS OF THE PARTIES

J. Aron asserts that U.S. Gold & Silver Investments, Inc. cannot establish a protectible interest in the mark allegedly infringed because the term "U.S. Gold" falls into the descriptive category of terms with respect to legally protectible interests. This requires U.S. Gold & Silver Investments, Inc. to establish a secondary meaning to the term in order to establish a protectible interest. J. Aron asserts that U.S. Gold & Silver Investments, Inc. has come forward with no facts to suggest that the term "U.S. Gold" has achieved a secondary meaning other than Heim's self-serving and conclusory statement in his affidavit that "the corporation was known to its customers and competitors colloquially as U.S. Gold.'" (Affidavit of Lawrence H. Heim, ¶ 3). J. Aron asserts that Heim's statement is not sufficient to defeat summary judgment against U.S. Gold & Silver Investments, Inc.

U.S. Gold & Silver Investments, Inc. asserts that "U.S. Gold" is not a descriptive term as applied to a business but a suggestive term for which no showing of secondary meaning is necessary. In addition, U.S. Gold & Silver Investments, Inc. asserts that even if the term "U.S. Gold" is descriptive, it is entitled to a trial to prove that the term has acquired a secondary meaning.

ANALYSIS

Section 43(a) provides in pertinent part:

> Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the, same, and shall

> cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

15 U.S.C. § 1125(a) (1987) (emphasis added).

In order to succeed under section 43(a), U.S. Gold & Silver Investments, Inc. must plead and prove a protectible interest in the mark allegedly infringed. The cases have identified four categories of terms with respect to trademark protection: 1) generic, 2) descriptive, 3) suggestive, and 4) arbitrary or fanciful. The lines of demarcation are not always clear. The different categories are summarized as follows in *Abercrombie & Fitch Co. v. Hunting World Inc.*, 537 F.2d 4 (2d Cir.1976):

> A "generic" term is one that refers, or has come to be understood as referring, to the genus of which the particular product or service is a species. It cannot become a trademark under any circumstances. *Abercrombie & Fitch, supra*, 537 F.2d at 9-10.
>
> A merely "descriptive" term specifically describes a characteristic or ingredient of an article or service. It can, by acquiring a secondary meaning, i.e.,

> becoming "distinctive of the applicant's goods", become a valid trademark. *Id.* at 10.
>
> A "suggestive" term suggests rather than describes an ingredient, quality, or characteristic of the goods and requires imagination, thought, and perception to determine the nature of the goods. A suggestive term is entitled to registration without proof of secondary meaning. *Id.* at 11.
>
> An "arbitrary or fanciful" term is usually applied to words invented solely for their use as trademarks and enjoys all the rights accorded to suggestive terms -- without the need of debating whether the term is "merely descriptive" and with ease of establishing infringement. *Id.* at 11.

See Surgicenters of America v. Medical Dental Surgeries, 601 F.2d 1011, 1014-15 (9th Cir.1979).

J. Aron claims that the trade name "U.S. Gold" is a descriptive term because it communicates literally the nature of the goods and services offered -- that is, the sale of gold minted in the United States. J. Aron argues that the name requires no mature thought or multi-stage reasoning process to determine the nature of the goods and cannot be said to be a suggestive term. U.S. Gold & Silver Investments, Inc. concedes that the name "U.S. Gold" is a descriptive term as applied to a specific class of numismatic coins, that is, coins minted in the United States in the latter part of the nineteenth century and early part of the twentieth century but asserts that it is not a descriptive term as applied to a business. U.S. Gold & Silver Investments, Inc. asserts

that as applied to its business the term "U.S. Gold" only suggests rather than describes the business.[2]

The determination of a mark's status is a question of law for the court. In discussing the difference between a "suggestive" term and a "descriptive" term, the court in *Abercrombie & Fitch Co.* quoted from *Stix Products, Inc. v. United Merchants & Manufacturers Inc.*, 295 F.Supp. 479, 488 (S.D.N.Y.1968):

> A term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of goods. A term is descriptive if it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods.

In applying this test, courts have made the following determinations: "Surgicenter," referring to centers for surgery, is a descriptive term. *Surgicenters of America v. Medical Dental Surgeries*, 601 F.2d 1011 (9th Cir.1979). "Computerland" is descriptive. *Computerland Corp. v. Microland Computer Corp.*, 586 F.Supp. 22 (N.D.Cal.1984), *dismissed with prejudice*, 592 F.Supp. 1252 (N.D.Cal.1984). "Slickcraft" is a suggestive mark when applied to boats. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir.1979). "Alure" is suggestive for

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2. U.S. Gold & Silver Investments, Inc. states in its memorandum in opposition to J. Aron's motion for summary judgment that the deposition of its principal shareholder and president, Lawrence Heim, was not completed and was to be continued. However, U.S. Gold & Silver Investments, Inc. has not asked this court for leave to complete the deposition before consideration of J. Aron's motions and does not claim to be prejudiced by the incomplete deposition. Furthermore, U.S. Gold & Silver Investment, Inc. has supplemented Heim's deposition with an affidavit which presumably presents any facts that may not have come out in the deposition.

brassieres. *Warner Brothers Co. v. Jantzen, Inc.*, 150 F.Supp. 531 (S.D.N.Y.1956) aff'd, 249 F.2d 353 (2d Cir. 1957).[3]

The court concludes that the term "U.S. Gold" is a descriptive term. The term conveys forthwith without the use of imagination, thought or perception an immediate idea of the character of the goods offered for sale.

In order to establish a protectible interest in the mark "U.S. Gold," U.S. Gold & Silver Investments, Inc. is required to prove that it has acquired a secondary meaning such that the consuming public connects the mark with U.S. Gold & Silver Investments, Inc. rather than th product. *Carter-Wallace, Inc. v. Proctor & Gamble Company*, 434 F.2d 794 (9th Cir.1970). In order to determine whether a secondary meaning has been established the court will consider these factors: the amount and nature of U.S. Gold & Silver Investments, Inc.'s advertising of the mark, the length of time and manner in which the mark has been in use, the exclusivity of the use, and the amount of goods and services sold under the mark. The court's purpose in examining these factors is to determine whether the mark in question denotes a single product coming from a single source to the members of the public. *See Sykes Laboratory, Inc. v. Kalvin*, 610 F.Supp 849, 862 (D.C.Cal. 1985). These factors relate specifically to the likelihood of confusion

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3. To the extent that U.S. Gold & Silver Investments, Inc. attempts to make a distinction between the standard applied to the service mark of a business and the standard applied to the trademark of a product, its argument has no merit. The courts have consistently applied identical standards to govern trademark and service mark infringement cases. *Nutri/System, Inc. v. Con-Stan Industries, Inc.*, 809 F.@d 601, 604 (9th Cir. 1987).

among customers, an important indicia of secondary meaning.

The deposition testimony of Heim submitted by J. Aron establishes that U.S. Gold & Silver Investments, Inc. has never advertised itself as "U.S. Gold"; that U.S. Gold & Silver Investments, Inc. has not used the mark "U.S. Gold" on any identifying paper such as business cards, stationary, promotional literature, or informal memorandum; that U.S. Gold & Silver Investments, Inc. cannot identify a single specific investor who identified it by the name "U.S. Gold"; that the amount of money spent by U.S. Gold & Silver Investments, Inc. in advertising from 1974 through 1984 was $33,000; that U.S. Gold & Silver Investments, Inc. spent none of this money advertising its business under the name "U.S. Gold"; and that the term "U.S. Gold" has a general meaning to coin dealers of gold coins minted in the United States in the latter part of the nineteenth century and early part of the twentieth century. This evidence negates the existence of a secondary meaning. In order to defeat J. Aron's claim that summary judgment in its favor is appropriate, U.S. Gold & Silver Investments, Inc. must come forward with specific facts showing that there is a genuine issue of material fact for trial regarding the likelihood of confusion among its customers or potential customers.

U.S. Gold & Silver Investments, Inc. has submitted the affidavit of its president, Lawrence Heim. Heim states in relevant part:

> From 1974 through 1953, although the full corporate name of my corporation was then, as now, "U.S. Gold & Silver Investments, Inc," the formal

corporate name was too long for everyday use. For that reason, the corporation was known to its customers and competitors colloquially as "U.S. Gold." Typically, the corporation's telephones were answered, "U.S. Gold." The corporate name thus was shortened in everyday use in the same manner as "J. Aron & Company" is colloquially shortened to "J. Aron."

. . . . . .

Beginning in the Spring of 1983, the plaintiff corporation received several misdirected telephone calls per day. I personally answered many dozen such telephone calls. The callers were not seeking the services of the corporation, but were seeking the source of the American Arts Gold Medallions which had been advertised as "U. S. Gold."

After the corporation began to receive the misdirected calls, I conducted my own investigation of how information about the corporation's "800" number was being handled by the directory assistance service. I telephoned (800) 555-1212, and I discovered that the American Arts Gold Medallion promotion was being conducted through an unlisted "800" number. When asked for the number to call to purchase "U. S. Gold," the operators provided the number of U.S. Gold & Silver Investments, Inc.

When I conducted a similar investigation at a later time, I discovered that the information provided by the information operators had shifted by 180 degrees. At that time, when I asked for the number of my own corporation, I was provided with the number of the toll-free number to order American Arts Gold Medallions.

Heim's statement that his corporation was known to its customers and competitors colloquially as "U.S. Gold" is not sufficient to create a genuine issue of material fact as to the existence of a secondary meaning. *See, e.g., Vucinich v. Paine, Webber, Jackson & Curtis, Inc.*, 739 F.2d 1434, 1436 (9th Cir.1984); and *Preston v. Heckler*, 734 F.2d 1369, 1373 (9th Cir.1984). Heim's affidavit shows that there was a mix up in directory assistance, and he received some misdirected telephone calls. Callers seeking the source of the American Arts Gold Medallions, advertised as "U.S. Gold," were incorrectly given the number for U.S. Gold & Silver Investments, Inc. This factor goes directly to the likelihood of confusion among customers. However, this evidence shows that the telephone directory service confused the services of U.S. Gold & Silver Investments, Inc. and J. Aron. The chief inquiry in establishing secondary meaning is directed toward purchasers' attitudes toward a mark. *Carter-Wallace, Inc. v. Proctor & Gamble Company*, 434 F.2d 794, 802 (9th Cir.1970). As such, the relevant factors are directed toward advertising and public exposure to the mark. To create a question of fact on the issue of secondary meaning, U.S. Gold & Silver Investments, Inc. must produce, for example, some evidence such as the amount and manner of advertising, volume of sales, the length and manner of use, direct customer testimony and consumer surveys. The strongest evidence the court has is the statement that customers and competitors colloquially refer to U.S. Gold & Silver Investments, Inc. as "U.S. Gold." This is simply not sufficient to present this case to a factfinder for trial.

Defendant J. Aron & Company's motion for summary judgment is granted.

FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

U.S. GOLD & SILVER INVESTMENTS, INC.,

Plaintiff-Appellant,

v.

THE UNITED STATES OF AMERICA ex rel Director, U.S. Mint; J. ARON & COMPANY,

Defendants-Appellees.

No. 87-4069

D.C. No. CV-86-162-FR

OPINION

Appeal from the United States District Court
for the District of Oregon
Helen J. Frye, District Judge, Presiding

Argued and Submitted
January 10, 1989—Portland, Oregon

Filed September 15, 1989

Before: Mary M. Schroeder, Cecil F. Poole and Dorothy W. Nelson, Circuit Judges.

Per Curiam

SUMMARY

Copyright, Patent and Trademark/Torts

Affirming the district court's dismissal of a complaint, the court held that an action under the Federal Tort Claims Act, 28 U.S.C. §§ 2671-2680 (1982), exists only if the state in

which the alleged misconduct occured would permit a cause of action for that misconduct.

Appellant U.S. Gold & Silver Investments, Inc. brought an action against appellees The United States and J. Aron & Company claiming that the U.S. Mint and Aron misappropriated its trade name when they marketed and sold gold medallions minted by the United States under the name "U.S. Gold." Appellant sought damages against the United States under the Federal Tort Claims Act and against Aron under the Lanham Act, § 43(a), 15 U.S.C. § 1125(a) (1982).

[1] The court affirmed the district court's decision in favor of Aron because appellant showed no protectable interest in the tradename "U.S. Gold" and because the term is descriptive and was not shown to have acquired secondary meaning. **[2]** Affirming the district court's dismissal of the action against the United States, but upon a different ground, the court held that the complaint does not state a claim within the purview of the FTCA. Liability is determined by the law of the state in which the tortious activity took place. The sole basis for appellant's claim is violation of a federal statute. The FTCA is not intended to encompass such a claim.

COUNSEL

Thomas G. P. Guilbert, Portland, Oregon, for the plaintiff-appellant.

Wendy M. Keats, Department of Justice, Washington, D.C. and Melvin A. Brosterman, New York, New York, for the defendants-appellees.

OPINION

PER CURIAM:

The plaintiff in this action is U.S. Gold & Silver Investments, Inc., a company engaged in the business of selling gold bullion and other metals. It brought this action against the United States and J. Aron & Company ("Aron") claiming that the United States Mint and Aron misappropriated the plaintiff's trade name when they marketed and sold gold medallions, minted by the United States, under the name "U.S. Gold." The plaintiff sought damages against the United States under the Federal Tort Claims Act, 28 U.S.C. §§ 2671-2680 (1982)(FTCA), and against Aron under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)(1982). The district court awarded summary judgment in favor of each defendant in two separate reported opinions. *U.S. Gold & Silver Invs., Inc. v. Director, U.S. Mint*, 656 F. Supp. 380 (D. Or. 1987); 682 F. Supp. 484 (D. Or. 1987).

[1] The basic underlying facts and the rationale for the district court's analysis of the merits of plaintiff's trade name infringement claim are set forth in the district court's opinion reported at 682 F. Supp. 484. The district court held that the plaintiff had shown no protectable interest in the trade name "U.S. Gold" because the term is descriptive and was not shown to have acquired secondary meaning. *Id.* at 487-89. We affirm the district court's decision in favor of Aron for the reasons stated in its opinion.

[2] In its earlier opinion in favor of the United States government, the district court did not discuss the merits of the infringement claim. It awarded summary judgment for the government under the FTCA, accepting the United States government's theory that any misappropriation of plaintiff's trade name by the United States fell within the FTCA's "discretionary function" exception, 28 U.S.C. § 2680(a). *See* 656 F. Supp. at 382-83. We affirm the district court's dis-

missal of the action against the United States, but upon a different ground.

We need not reach the government's argument that this claim falls within the FTCA's discretionary function exception, because the complaint does not state a claim within the purview of the FTCA in the first instance. The FTCA waives immunity from liability on the part of the United States for tortious conduct to the same degree that private individuals would be liable. 28 U.S.C. § 2674. Liability is determined by the law of the state in which the tortious activity took place. 28 U.S.C. § 1346(b)(1982). Thus, as the Supreme Court has stated, "an action under FTCA exists only if the State in which the alleged misconduct occurred would permit a cause of action for that misconduct to go forward." *Carlson v. Green*, 446 U.S. 14, 23 (1980); *see generally* 2 L. Jayson, *Handling Federal Tort Claims: Administrative and Judicial Remedies* § 218.01 (1988). The sole basis for plaintiff's claim alleged in this complaint, however, is violation of a federal statute, the Lanham Act. The FTCA is not intended to encompass such a claim.

We do not express any opinion as to whether the United States may be sued directly under the Lanham Act; nor do we foreclose an FTCA suit against the United States for common law trade name misappropriation under the law of the State of Oregon or any other state. We hold only that the complaint in this case fails to state a claim which would bring into play the provisions of the FTCA.

We also need not consider whether this complaint could be amended to state a claim redressable against the United States. Permitting amendment would be futile, as the merits of any amended claim could be no stronger than the merits of plaintiff's claim against Aron. We are in full agreement with the district court's decision and opinion awarding summary judgment to Aron on the merits of that claim because plaintiff

has not demonstrated a protectable interest in the trade name "U.S. Gold". *See* 682 F. Supp. at 487-89.

The judgment of the district court dismissing plaintiff's complaint is AFFIRMED. The opinion of the district court reported at 682 F. Supp. 484 is approved. The opinion of the district court reported at 656 F. Supp. 380 is VACATED.

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AFFIDAVIT OF SERVICE

I swear that, on December 13, 1989, I served three copies of the attached PETITION FOR CERTIORARI in the manner prescribed in Rule 28.3 of the Rules of the United States Supreme Court upon the following lawyer, who was counsel of record for defendant J. Aron & Company in the proceedings before the Court of Appeals for the Ninth Circuit in the instant civil action:

Mr. Gary M. Berne
Stoll, Stoll, Berne, Fischer,
Portnoy & Lokting, P.C.
209 S.W. Oak Street
Portland, OR 97204,

and on the same date sent three copies to the following lawyers, who have appeared on behalf of defendant Director, United States Mint:

Ms. Wendy M. Keats
Mr. Robert S. Greenspan
Department of Justice, Civil Division
Appellate Staff, Room 3631 MAIN
10th & Pennsylvania Avenue, N.W.
Washington, D.C. 20530-0001.

I swear that on the above date I caused the copies of the above document to be deposited with the United States Postal Service at Portland, Oregon, with sufficient first-class postage prepaid.

_____

Thomas G. P. Guilbert
Attorney for Plaintiff-Appellant
U. S. Gold & Silver Investments, Inc.

STATE OF OREGON)
: ss.
County of Multnomah)

Apepared before me the aforementioned THOMAS G.P. GUILBERT, known to me as such, who swore that the foregoing AFFIDAVIT OF SERVICE is true, and who affixed his signature in my presence.

_____

Notary public for Oregon
My commission expires:

89-1789

No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1989

U.S. GOLD & SILVER INVESTMENTS, INC.,
an Oregon Corporation,

Plaintiff-Petitioner,

vs.

THE UNITED STATES OF AMERICA, *ex rel*
Director United States Mint, and J. ARON & COMPANY,

Defendants-Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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COUNTERSTATEMENT OF QUESTIONS PRESENTED FOR REVIEW

Was the United States Court of Appeals for the Ninth Circuit correct in ruling, as a matter of law, that the phrase "U.S. Gold," when used as a trade name by a business located in the United States which markets *gold* coins, including gold bullion coins minted in the United States in the latter part of the 19th Century and early part of the 20th Century, is "descriptive" of the business conducted?

Was the United States Court of Appeals for the Ninth Circuit correct in ruling that there was no genuine issue of material fact with respect to whether the trade name, "U.S. Gold" had acquired a secondary meaning where plaintiff could not identify a single piece of advertising or promotional literature or a single specific investor who identified petitioner by that name?

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COUNTERSTATEMENT OF THE CASE

Petitioner U.S. Gold & Silver Investments, Inc. conducted a business from its office in Portland, Oregon involving the sale of gold and silver bullion coins to customers on a retail basis.[1] Petitioner claims that it has a protectable trademark in the name "U.S. Gold", a truncated version of its full name, and that such trademark was infringed by respondent J. Aron & Company's use of the name U.S. Gold in the marketing of American Arts Gold Medallions minted by the United States Mint.

On J. Aron's motion for summary judgment, the district court held that "U.S. Gold" was a descriptive term as applied to petitioner's business because it conveyed "without the use of imagination . . . an immediate idea of the character of the goods offered for sale." *U.S. Gold & Silver Investment Inc. v. Director, United States Mint et ano.*, 682 F. Supp. 484, 488 (D. Ore. 1987), *aff'd*, 885 F.2d 620 (9th Cir. 1989). Given the descriptive nature of the term, in order to lay claim to a protectable interest petitioner was required to establish that the term had a "secondary meaning", namely "that the consuming public connects the mark with U.S. Gold & Silver Investments, Inc. rather than" with the products it sells. *Id.* at 488. Since petitioner had admitted that it had "never advertised itself as 'U.S. Gold' . . . has not used the mark . . . on any identifying paper such as business cards, stationery, promotional literature . . . cannot identify a single specific investor who identified it by the name 'U.S. Gold' . . . and [in addition] the term has a general meaning to coin dealers of gold coins minted in the United States in the latter part of nineteenth century and early part of twentieth century[,]" (*id.* at 488) the district court held that there was no genuine issue of fact that the term did not have secondary meaning as applied to petitioner and dismissed the action. The Ninth Circuit, "in full agreement" with the district court's decision, affirmed.

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[1] A bullion coin is a coin whose selling price is based on the value of its gold or silver content.

REASONS FOR DENYING THE WRIT

In granting respondent's motion for summary judgment, the courts below recognized that the categorization of a term's status in the trademark hierarchy—generic, descriptive, suggestive or arbitrary—was a question of law for the court. In determining whether "U.S. Gold" was a "descriptive" term, the lower court defined that as a term which "'forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods'." *U.S. Gold & Silver Investments, Inc., supra,* 682 F. Supp at 487. That definition has been endorsed in substantially the same form by each of the United States Courts of Appeal[2] and has never been questioned by this Court. *See, e.g., Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985) *citing with approval Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).

Having concluded that the supposed mark in question was descriptive as applied to petitioner's business, the courts below next considered whether there was an issue of fact as to whether the mark had acquired a secondary meaning. In considering that issue the lower court applied a standard which was first set forth by this Court in *Kellog Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938), and from which this Court has never deviated. *See, Park 'N Fly, supra,* 469 U.S. at 194 (A descriptive mark which is not "distinctive" of an applicant's services is unregistrable and unprotectable). That standard requires a party seeking to es-

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[2] *See Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366 (1st Cir. 1980); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976); *A.J. Canfield Co. v. Honickman*, 808 F.2d 291 (3d Cir. 1986); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522 (4th Cir. 1984); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178 (5th Cir. 1980), *cert. denied*, 450 U.S. 981 (1981); *Induct-O-Matic Corp. v. Inductotherm Corp.*, 747 F.2d 358 (6th Cir. 1984); *Telemed Corp v. Tel-Med, Inc.*, 588 F.2d 213 (7th Cir. 1978); *Co-Rect Products, Inc. v. Marvy Advertising Photography, Inc.*, 780 F.2d 1324 (8th Cir. 1985); *Marker Int'l v. DeBruler*, 635 F. Supp. 986 (D. Utah 1986), *aff'd*, 844 F.2d 763 (10th Cir. 1988); *American Television and Communications Corp. v. American Communications and Television, Inc.*, 810 F.2d 1546 (11th Cir. 1987).

tablish a secondary meaning in their mark to demonstrate that "the primary significance of the term in the minds of the consuming public is not the product but the producer." *Id. Kellog*, 305 U.S. at 118.

Upon application of that standard to facts which petitioner did not dispute (since it was the source of those facts) the courts below concluded that there was no issue of fact: the term U.S. Gold had not acquired a secondary meaning because there was no proof that the consuming public identified that term with petitioner. Since the term had not acquired a secondary meaning, petitioner had no protectable interest in the term and, thus, its complaint was dismissed.

There is no conflict among the United States Courts of Appeals regarding the appropriate standards to be applied in categorizing marks or in determining when a descriptive mark has acquired a secondary meaning, and petitioner has not challenged those standards. Accordingly, review by this Court would neither resolve a conflict in the circuits—since no conflict exists—nor result in a clarification or change in the law controlling in this area—since that law is well settled. The issues decided in this case do not raise any substantial federal question or any other unique or important legal questions requiring resolution by this Court. *See Rice v. Sioux City Cemetery, Inc.*, 349 U.S. 70, 74, 79 (1955). The grant of certiorari would only present an opportunity for this Court to substitute its judgment for that of the three court of appeals judges and one district judge that have already found petitioner's action to be meritless. That opportunity is not grounds upon which to grant the extraordinary writ of certiorari.

CONCLUSION

For the foregoing reasons, it is respectfully submitted that this Court should deny the petition for certiorari.

Dated: New York, New York
June 5, 1990

Respectfully Submitted,

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